

CHAPTER I. SMALL BUSINESS (SB) AND DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PROGRAM OVERVIEW

California state agencies and departments are mandated by law and by Executive Order to appoint a single point of contact to act as both the Small Business (SB) and Disabled Veterans Business Enterprise (DVBE) Advocate. The Advocate's responsibility is to promote and implement program requirements to assist their department with providing purchasing and contracting opportunities within the SB and DVBE business communities. Legislative mandates require that agencies and departments place 25 percent of their total annual expenditures with the SB community and 3 percent with the DVBE community.

The following information is a brief overview of the SB and DVBE programs. More detailed information on each program is contained within the SB/DVBE Advocate Tool Kit chapters.

Small Business (SB)

Did you know that out of all businesses registered in California, small business owners comprise 98 percent of registered businesses? As a direct result, California's overall economy is significantly impacted by the success or failure of small businesses. For the benefit of both the small business community and the State, the Small Business Certification Program was established under the [Small Business Procurement and Contract Act \(GC 14835\)](#) to increase business opportunities by allowing certified small businesses to compete on a more level playing field.

Certified small businesses competing against non-certified businesses are provided certain advantages to help them achieve increased bid award opportunities through a five (5) percent calculation preference. SB certification offers additional benefits through the [Prompt Payment Act](#), the [Small Business Option](#) (G.C. 14838.5) and the Non-Small Business preference calculation for those bidders whose response includes a certified small business partner for *at least 25 percent* of the overall awarded contract value and that does not displace a certified SB low bidder.

Disabled Veteran Business Enterprise (DVBE)

The DVBE program was established in 1989 through the enactment of [California Military and Veterans Code \(MVC\) 999](#) and [Public Contract Code \(PCC\) 10115](#). The program's purpose is twofold: 1) it provides certified DVBE-owned businesses with greater opportunity to compete for a portion of the billions of dollars awarded annually through either direct award or through subcontracted efforts, and 2) to promote self-reliance for California's disabled veterans by offering veteran's the opportunity to gain experience in business.

Agencies and departments must include DVBE participation program goals in each competitively awarded contract for goods, professional services, construction and, IT goods and services unless the director specifically waives the DVBE program from that contract effort. Contractors responding to a solicitation must fulfill the program goals directly through DVBE subcontracting or through the established [Five Steps of the Good Faith Effort](#) (GFE) when the program is included in the solicitation.

CHAPTER I. SMALL BUSINESS (SB) AND DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PROGRAM OVERVIEW

Small Business/DVBE Program Mandates and Directives

[Military and Veterans Code 999.12](#) mandates each department to appoint a DVBE Program Advocate and states further “that the person shall be the same individual pursuant to [Government Code 14846](#)” which directs the appointment of a department Small Business Advocate. The SB/DVBE Advocate Toolkit provides greater detail on the roles and responsibilities of the SB/DVBE in Advocate Toolkit, Chapter I. “Roles and Responsibilities”.

Each year the State of California awards billions of dollars through the competitive bid process (*in FY 04/05 it was \$8.9 billion dollars*) for commodities, professional services, construction and Information Technology (IT) goods and services. Through the enactment of various legislative mandates the State has focused its attention on SB and DVBE sectors in an effort to achieve increased business opportunity within those communities.

Subsequent [Executive Orders S-02-06](#) and [D-43-01](#) issued by the Governor’s Office further compels agencies and departments to achieve the mandated participation levels of each program.

DGS, Office of Small Business and DVBE Services

As specified through Executive Orders, Government Code and Public Contract Code, the Department of General Services (DGS) has direction and management authority over the [Office of Small Business and DVBE Services](#) (OSDS) and it’s various program activities. As such, the office acts as the State’s primary resource to disseminate SB and DVBE programs, conducts outreach and marketing for SB/DVBE certification opportunities, and develops policies and procedures affecting the overall procurement of services and goods throughout the State.

Some of the numerous DGS/OSDS responsibilities include, but are not limited to:

- ✎ SB/MB and DVBE certification for businesses meeting [SB/MB program eligibility requirements](#) and/or [DVBE program eligibility requirements](#)
- ✎ Investigation of alleged certification or program fraud.
- ✎ [Imposing of sanctions and penalties](#) on contractors for specified periods of time for Small or DVBE program violations.
- ✎ Maintain a list of [debarred or suspended firms](#)
- ✎ Interpretation, development and adoption of [SB/MB and DVBE program regulations](#) resulting in Public Contract and Government Code Business and community outreach [events](#) to promote SB/MB and DVBE program certification and to enhance partnerships between the state and SB/MB and DVBE businesses.
- ✎ Compile, tabulate and [report SB/MB and DVBE participation levels](#) achieved statewide by each agency/department annually to the Legislature

SB/DVBE Government, Public Contract and Military Code References

CHAPTER I. SMALL BUSINESS (SB) AND DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PROGRAM OVERVIEW

The following table provides various program SB or DVBE program requirements and the applicable Public Contract Code (PCC), Government Code (GC) or Military and Veterans Code (MVC) reference.

Program Requirement	Small Business GC/PCC	DVBE MV/GC/PCC
Advocate/Liaison	GC 14835, 14845, 14846, 14847	MVC 999.2, 999.7 PCC 10115
Business Utilization Plans		PCC 10115.15
Reporting Requirements (SB/MB/DVBE/ERG/Consulting)	PCC 10111 Executive Order D-37-01 Executive Order S-02-01	PCC 10111 Executive Order D-43-01
Department Improvement Plan	PC 10111 Executive Order D-37-01 Executive Order S-02-06	PC10111 Executive Order D-43-01
DGS Duties/Responsibilities	GC 14839	GC 14839
Eligibility Requirements	GC 14835 CCR Title 2, Section 1896- 1896.40	MVC Div. 4, Chapter 6, Article 6, Section 999-999.13 CCR Title 2 Section 1896.6 – 1896.95
Good Faith Effort (DVBE)		PCC 10115.2(b)
Informal Competition (SB/DVBE Option)	GC 14838.5	GC 14838.5
Monitoring Contractor Adherence to DVBE Program Goals		PCC 10115(3)
Program Goal Mandates	Executive Order D-37-01 Executive Order S-02-06	Executive Order D-43-01
Prompt Payment	GC 927 et seq.	
Reporting Compliance Violations		CCR 1896.60 – 1896.67 CCR 1896.90 – 1896.98
Sanctions and Penalties	GC 14842 and GC 14842.5 (a) (1-6) GC 14842(a)(1-3) – 14842(e), 14842.5(b-d)	MVC 999.9(a) (1-5) and PCC 10115.10 (a) (1-5) CCR Title 2, 1896 et seq.

What Defines Success?

The SB/DVBE Advocate is the conduit for successful business relations between their department and the SB/DVBE business communities. Each program will be

CHAPTER I. SMALL BUSINESS (SB) AND DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PROGRAM OVERVIEW

successful commensurate to the level of dedication, management support and direct involvement the advocate has in the day-to-day business procurement activities of their departments.

The successful advocate can see their department's big picture and at the same time understand the various nuances and components unique to that department's business needs. The successful advocate is aware of the many opportunities to network with other advocates, utilize best practices and invent new and effective ways to achieve SB/DVBE goals. The successful advocate enlists both management and program staff actively to achieve overall SB/DVBE goals through effective communication, education and implementation of programs and tools to bring about program success.

Ultimately, success is to meet or exceed both SB/DVBE program goal mandates. However, keep in mind that, while achieving mandated goals is *the* target, success can also be measured in gradually improving the performance of your department or sharing innovative ideas that can be duplicated by other agencies. Whatever you're success – no matter how big or small – you have contributed to the success of SB/DVBE participation.

The ***SB/DVBE Advocate Toolkit*** is the result of the contribution, research, compilation and development of information for various activities related to the SB and DVBE programs. It has been developed for "Toolkit" users by the users themselves – the SB and DVBE Advocates. We've addressed aspects of both programs using our experiences, successes and best practices in attempting to provide a well-rounded view of each program.

Among the subjects included are legislation, best practices, outreach and education, roles and responsibilities, program reporting, policy, and program planning.

We wish you great success as a SB/DVBE advocate and we hope the **Advocate Toolkit** serves you well.